

**Report of :** Director of City Development  
**Report to :** Executive Board  
**Date:** 25 June 2014  
**Subject:** 265 and 269 Roundhay Road, Harehills, Leeds, LS8

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Gipton and Harehills	
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:	10.4 (3)	
Appendix number:	1	

### Summary of main issues

- 265 Roundhay Road is a Council owned former housing office, marked A on the attached plan, which has been recently vacated. 269 Roundhay Road, marked B, is a similar property owned by Leeds City Credit Union (LCCU) which is also vacant.
- The Best Council Plan 2013-2017 published in July 2013 has an ambition for Leeds to be the best city and Leeds City Council to be the best council in the UK. One of the best council outcomes in the plan is to improve the quality of life for our residents, particularly for those who are vulnerable or in poverty
- A major plank in the Council developing a coherent approach to tackling poverty is the Councils campaign 'Take a Stand against High Cost Lenders' which aims to break the cycle of poverty by giving the poorer residents of Leeds access to lower cost lending. The Council is taking active measures along with other interested parties to counter the activities of 'pay day/high cost/doorstep lenders' and is working with LCCU for them to open a loan shop to provide low cost lending to people in this area of Leeds. The provision of this service is a priority to the Council and has the strong support of the Leader of the Council and cross party political support.
- 265 Roundhay Road occupies a prominent corner position on Roundhay Road and is a more suitable property to open as a low cost lending bank. Prior to being acquired by the Council in 1996 the building was used as a high street bank.

5. Both properties have been valued with the Council property having a higher value than the LCCU property. It has been proposed that ownership of the properties is exchanged but LCCU do not have sufficient funds to pay the Council the difference in the value as well as carrying out conversion/repair works to 265 Roundhay Road.
6. It has been proposed that ownership of the two properties is exchanged at nil consideration with the Council foregoing the difference in values, which constitutes a 'less than best' disposal and therefore requires the approval of Executive Board.

## **Recommendations**

1. Executive Board is recommended to:
  - 1.1 Give authority to discuss and explore alternative arrangements for exchange of the Council's ownership of 265 Roundhay Road with the LCCU ownership of 269 Roundhay Road with delegated authority given to the Director of City Development to approve any negotiated terms;
  - 1.2 In the event of the exchange being on the basis of a less than best basis, delegate authority to the Director of City Development to approve the terms outlined in the confidential appendix attached to this report; and
  - 1.3 Note that the Head of Property Services will be responsible for implementation with planned completion by end of September.
- 2.

It is further recommended that following acquisition of 269 Roundhay Road, this property is declared surplus to the Council's requirements and marketed for sale on the open market by way of inviting informal offers with terms to be approved by the Chief Asset Management and Regeneration Officer or by way of public auction with the reserve price to be approved by the Head of Property Services.

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## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek approval to exchange the freehold ownerships of a Council property, 265 Roundhay Road, with a property owned by LCCU, 269 Roundhay Road at a 'less than best' consideration on the terms outlined in the attached confidential appendix.

## **2 Background information**

- 2.1 Since early in 2003 the Council has been developing a strategy to tackle financial exclusion in the city and put in place mechanisms to assist people and provide an alternative to high interest lenders and loan sharks. The Roundhay Road property is being developed by Leeds City Credit Union as a new loan shop and will form part of the armoury of initiatives being developed to provide more affordable alternatives.
- 2.2 Tackling financial exclusion has been an important priority for many years but has escalated in importance in recent times due to the current economic climate, the changes to welfare benefits arrangements and the increased presence of high interest lenders.
- 2.3 There has been a recent boom in payday and other high cost lending, leaving many of the most vulnerable citizens in the city facing problems with debt and related

issues. Representative interest rates of more than 5,000% APR are not uncommon with many of these lenders.

- 2.4 A campaign, called 'Take a Stand against High Cost Lenders' to address high cost lending in the city has been developed by the Council with voluntary, private and public sector partners. A Money Information Centre website has been launched which brings together and signposts people to organisations in Leeds which provide help and advice with affordable loans, finance and debt, savings and household budgeting. This campaign has cross party support and action will take place across the city with the ambition of making Leeds a high cost lender free city.
- 2.5 According to recent analysis, during 2012, retail store closures climbed tenfold in one year. However, pound shops, pawnbrokers, charity shops, cheque cashing, payday loan shops and betting shops are all showing considerable growth.
- 2.6 It has been estimated that up to 60,000 people in Leeds may use high interest lenders including approximately 22,500 people who may take out Payday loans. In addition to the social cost, this market represents a potentially huge impact on the Leeds economy. Based on national data, the high cost lending market in Leeds could be in the region of £90m. If everyone using high cost credit in Leeds had access to affordable sources this could reduce the cost of borrowing by up to £60m a year to Leeds' families.
- 2.7 The new credit union loan shop is being developed to try to tackle the massive expansion in the number of high street cash/loan shops in recent years. Data available for 2012 shows the significant rise in these types of development.

#### High Street top risers and fallers by business type in 2012

Risers	Net Change (%)	Fallers	Net Change (%)
Cheque Cashing/Payday Loans	+20.0	Card & Poster Shops	-23.4
Pound shops	+13.0	Computer Games	-45.0
Pawnbrokers	+13.2	Women's Clothes Shops	-7.2
Charity shops	+2.7	Recruitment Agencies	-15.1
Betting Shops	+3.3	General Clothing	-8.7
Supermarkets	+3.6	Health Foods & Products	-24.7
Coffee Shops	+3.4	Banks & Financial Institutions	-2.9

(Source: Local Data Company)

- 2.8 The loan shop is being set up with funding support from Barclays Bank and the proposals set out within this report will provide further support to the initiative. It will become the first loan shop of its kind, run on ethical lines, in the City. If it is judged to be successful and can develop into a sustainable business financially, then similar units could be set up in other parts of the city.
- 2.9 One of the aims of the Council's campaign to tackle high cost lending is to help the credit union build capacity in order to increase its share of lending and thereby reduce families reliance on high cost lending. The credit union has an aim of increasing its loan book to £20m at which point it believes that it can start to disrupt the high cost lending market in Leeds. The Roundhay Road loan shop is one of the initiatives which can help to achieve that objective.

### **3 Main Issues**

- 3.1 265 Roundhay Road is a late C19 three storey brick built end terrace property with basement and rear extension. It was acquired by the Council in 1996 from Lloyds Bank and was until recently used as Harehills & Chapeltown Neighbourhood Housing Management Office with public counters on the ground floor and offices above. It has a total gross floor area of approximately 300sqm. This office has now re-located and the property was declared surplus to operational requirements by the Director of Environments and Housing on 24 July 2013 and handed over to Civic Enterprise Leeds for void management on 9 January 2014.
- 3.2 269 Roundhay Road is a similar property in the same terrace which is owned by LCCU and has been vacant for approximately 2 years. The accommodation comprises office/retail use on the ground floor and basement with a flat on the upper floors. It has a total gross floor area of approximately 220sqm.
- 3.3 Both properties are located in the main retail/commercial area serving this part of Leeds.
- 3.4 LCCU were recently awarded a grant from Barclays Bank to re-open their branch on Roundhay Road, to create a loan shop delivering loans at LCCU interest rates.
- 3.5 265 Roundhay Road is a former bank premises and occupies a prominent corner position. It is therefore considered to be a better location to place the new loan shop where it can compete with nearby cash/loan shops.
- 3.6 LCCU have requested that ownership of the two properties is exchanged to allow them to open the new loan shop in the better location.
- 3.7 Both properties have been valued by Property Services Section in City Development. The Council property is assessed to have a higher value than the LCCU property.
- 3.8 LCCU do not have the funds to pay the Council the difference in the value of the properties and have requested that the properties are exchanged at no cost to either party.
- 3.9 To enable LCCU to carry out conversion and renovation works and commence trading from 265 Roundhay Road a short term letting of the property has been agreed.
- 3.10 In order to support the creation of a loan shop by LCCU it is proposed that discussions and negotiations are held with LCCU to explore alternative arrangements for the property exchange with terms to be reported back to the Director of City Development for consideration. If it proves necessary to proceed on a less than best basis, it is proposed that the Director of City Development is given delegated authority to approve the terms for the transfer of the properties as outlined in the confidential appendix attached to this report.

## **4. Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The Executive Member for Transport and the Economy was briefed on this matter on 10 October 2013 and indicated his support for the proposal.
- 4.1.2 Ward Members were consulted by letter and e-mail on 9 January 2014 with two Members confirming their support for the proposal on the same day.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 The creation of an affordable loan shop in this part of Leeds will tackle the financial exclusion of poorer residents of Leeds and put in place mechanisms to assist people and provide an alternative to high interest doorstep lenders and loan sharks. An Equality Impact Assessment screening has been completed and is attached as an appendix. As this report deals only with the transfer of the freehold interest of a Council owned property there are no equality implications.

### **4.3 Council policies and City Priorities**

- 4.3.1 The Best Council Plan published in 2013 has an ambition for Leeds to be the best city and Leeds City Council to be the best council in the UK. One of the outcomes for the plan is to improve the quality of life for residents, particularly for those who are vulnerable or in poverty. The best council priority for 2013 to 2017 to support communities and tackle poverty by helping people out of financial hardship and into work has objectives for 2014/15 which include increasing the membership of Leeds City Credit Union, increasing the number of affordable loans and reducing the dependency on discretionary financial support. The services provided by LCCU which the Council are supporting are those which directly contribute to the aims objectives and outcomes of the Best Council Plan.
- 4.3.2 The loan shop on Roundhay Road is seen as a key initiative in meeting the joint objectives of the Council and LCCU, to deliver basic, affordable financial services to citizens in the poorer communities of Leeds and supports the Take a Stand campaign against high cost lenders.

### **4.4 Resources and value for money**

- 4.4.1 The exchange of ownership of 265 and 269 Roundhay Road with LCCU at nil consideration will mean that the Council will forego the difference in the value of the properties as detailed in the attached confidential appendix.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The information contained in the Appendix attached to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property/land then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may

prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

#### **4.6 Risk Management**

- 4.7 There is a risk that the exchange of properties will not take place but this is considered unlikely as LCCU have obtained planning permission for a change of use of 265 Roundhay Road and have agreed terms for a short term letting of the property to allow them to start trading prior to a formal exchange of ownership.

#### **5 Conclusion**

- 5.1 The Council's campaign against high cost lenders has identified a need to provide poorer residents of Leeds access to lower cost lending. The proposed transfer of the subject properties will allow LCCU to open a low cost lending bank in support of the Council's campaign in an area of Leeds where there is a need for such a bank.

#### **6 Recommendations**

Executive Board is recommended to:

- 6.1 Give authority to discuss and explore alternative arrangements for exchange of the Council's ownership of 265 Roundhay Road with the LCCU ownership of 269 Roundhay Road with delegated authority given to the Director of City Development to approve any negotiated terms;
- 6.2 In the event of the exchange being on the basis of a less than best basis, delegate authority to the Director of City Development to approve the terms outlined in the confidential appendix attached to this report; and
- 6.3 Note that the Head of Property Services will be responsible for implementation with planned completion by end of September.
- 6.4 It is further recommended that following acquisition of 269 Roundhay Road, this property is declared surplus to the Council's requirements and marketed for sale on the open market by way of inviting informal offers with terms to be approved by the Chief Asset Management and Regeneration Officer or by way of public auction with the reserve price to be approved by the Head of Property Services.

#### **7 Background documents<sup>1</sup>**

- 7.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.